

HOUSE BILL 48 of the First Extraordinary Session  
By Cole (Carter)

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 5,  
Part 2, relative to property tax exemptions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 5, Part 2, is amended by adding the following new section:

Section 67-5-22\_. (a) Subject to the general requirements of Section 67-5-212, real and tangible personal property owned and used by a nonprofit economic development organization is eligible for property tax exemption as a charitable use of property if the provisions of this section are complied with. Real property owned or held by a nonprofit economic development corporation is eligible for exemption, to the extent it is held for future development for purposes consistent with Section 7-53-101 *et seq.* and conveyed to an industrial development corporation or a nonexempt owner within eight (8) years from the date of exemption. The exemption may be renewed with approval of the county governing body for an additional five (5) years, but if the exemption is not extended or the property ceases to be used for the purposes specified herein, such property shall no longer be entitled to this exemption.

(b) The organization seeking exemption shall meet the following requirements:

(1) The organization must be a public benefit nonprofit corporation qualified as tax-exempt pursuant to I.R.S. §501(c)(3) and must own or hold the property for which exemption is sought.

(2) Other than as an employee, no member, officer or director shall be compensated for service as such.

(3) No director or officer of the corporation shall vote or otherwise participate in decisions of the corporation to acquire goods or services directly or indirectly from such director or officer for a consideration. Neither shall any director or officer recommend the acquisition of goods or services directly or indirectly from such director or officer without clearly informing the corporation and the other directors of such director's or officer's interest in such transaction. "Indirectly" means through a business organization of which the officer or director, or the spouse, children, or parent of the officer or director, own more than a three percent (3%) interest.

(4) The organization shall annually supply the assessor of property a report, in a format approved by the state board of equalization, which includes a listing of activities and uses of the property, current statements of financial condition, and such further information as the board may require.

(c) The exemption provided by this section shall be subject to approval of the county governing body. The assessor of property shall maintain with his records for the property an estimate of the market value of the property as of the date of the last county-wide reappraisal.

SECTION 2. Tennessee Code Annotated, Section 67-5-212, is amended by adding the following sentence at the end of subsection (b):

An application for exemption under this section shall be treated as an appeal for purposes of Section 67-5-1512.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it, and shall apply to all applications or appeals pending before the state board of equalization on the effective date of this act. Any application or appeal pending on the

effective date of this act seeking exemption of property used for the purposes hereinabove described may be amended to reflect a change in ownership of the property if such amendment is filed with the state board of equalization within ninety (90) days from the effective date of this act. Any organization which has an application or appeal pending before the state board of equalization on the effective date of this act has ninety (90) days from the effective date of this act to provide evidence of compliance with the terms of this act. The executive secretary of the state board may extend this ninety (90) day period for an additional ninety (90) days.